United Nations A/65/782

General Assembly

Distr.: General
15 March 2011

Original: English

Sixty-fifth session
Agenda items 127 and 143

Financial reports and audited financial statements, and reports of the Board of Auditors

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2010

Report of the Advisory Committee on Administrative and Budgetary Questions

1. During its consideration of the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2010 (see A/65/5 (Vol. II), chap. II), the Advisory Committee on Administrative and Budgetary Questions met with the members of the Audit Operations Committee of the Board of Auditors. The Advisory Committee also discussed the Board's findings with representatives of the Secretary-General and with the Under-Secretary-General for Internal Oversight Services in the context of the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2010 (A/65/719).

2. The Board of Auditors reviewed peacekeeping accounts and operations at United Nations Headquarters, at 14 of 15 active field missions and at 26 completed missions, including 4 special purpose accounts for, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, the United Nations Logistics Base at Brindisi, Italy (UNLB) and the peacekeeping after-service health insurance programme.

3. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as with the International

11-26404 (E) 170311

Please recycle

Standards on Auditing which require that the Board of Auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. As noted in the report of the Board, the standards have been reissued with effect for the accounting periods beginning on or after 15 December 2009 and, although they are not mandatory, the Board has chosen to apply the revised standards in forming its audit opinion on United Nations peacekeeping operations for the financial period 2009/10. The Board carried out reviews of peacekeeping operations under financial regulation 7.5, which requires that the Board make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the peacekeeping operations.

4. **The Advisory Committee commends the Board of Auditors for the continued high quality of its report and welcomes its timely submission during the early part of the Committee's session. The Committee also welcomes the timely submission of the report of the Secretary-General on the implementation of the recommendations of the Board and trusts that, in future, the Administration will continue to ensure that its report is submitted for consideration at the same time as the related report of the Board.**

5. The Advisory Committee notes that the Board of Auditors found the overall control and effectiveness of the administrative functions of missions to be variable, especially given the volatile and rapidly changing operational conditions under which many of them operated during the period under review. While cautioning against complacency, the Board concluded, however, that in broad terms, when compared to the previous period, there was an improvement in the financial and administrative management of peacekeeping operations. **The Committee notes the improvement indicated by the Board and expects that this trend will be sustained in forthcoming financial periods.**

6. For the financial period 2009/10, the Board of Auditors had issued an unmodified audit opinion on the financial statements for the period under review. Without qualifying its opinion, the Advisory Committee notes that for the current period the Board has highlighted two matters, namely, non-expendable property and expendable property, as areas of concern to which it wishes to draw particular attention. The Committee recalls that, during the preceding three financial periods, the Board issued modified audit opinions, in each case with an emphasis on matters relating to the management and control of non-expendable property; for the financial periods 2007/08 and 2008/09, the Board had placed added emphasis on matters relating to expendable property.

7. In its report, the Board of Auditors highlights those issues that, in its opinion, should be brought to the attention of the General Assembly, while other findings and recommendations of the Board were brought to the attention of the Administration in the management letters from the Board. The Board issued 20 main recommendations for the period 2009/10, as compared with 30 main recommendations for the period 2008/09. As in the past, the Board reiterated a number of its previous recommendations. The Board also issued 15 management letters; the same number was issued in 2008/09.

8. The Board of Auditors followed up on a number of its previous recommendations and noted that, of the 86 recommendations made for the period

2008/09, 38 (44 per cent) had been fully implemented, 45 (53 per cent) had been partially implemented, 2 (2 per cent) had not been implemented and 1 (1 per cent) had been overtaken by events. In comparison, for the period 2007/08, 40 per cent had been fully implemented, while 53 per cent had been partially implemented. The Board also evaluated the ageing of recommendations that had been partially or had not yet been implemented, noting that of the 45 partially implemented recommendations and 2 unimplemented recommendations, 16 (34 per cent) related to the period 2007/08, 1 (2 per cent) to 2006/07, 2 (4 per cent) to 2005/06 and 1 (2 per cent) to 2003/04. With regard to the two unimplemented recommendations for the period 2008/09, the Board's first recommendation was that the Administration expedite its preparations for the recording of expendable property and disclose its value in the financial statements and/or in the notes thereto and noted that, during 2009/10, the Administration continued not to disclose information on unused expendable property estimated at $402 million. The Board's second recommendation related to the management of spare parts to reduce vehicle waiting periods at the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and the United Nations Mission in the Central African Republic and Chad (MINURCAT) (see A/65/5 (Vol. II), chap. II, paras. 14 and 15).

9. The Advisory Committee makes comments, observations and recommendations on general and cross-cutting issues related to the findings of the Board of Auditors in the paragraphs below. Where relevant, the Committee will make further reference with respect to the Board's recommendations on specific peacekeeping operations in the context of its reports on the budget submissions of the concerned missions. Similarly, the Committee will provide its views on United Nations air operations in the context of its consideration of the report of the Secretary-General on United Nations air operations (A/65/738) (see also para. 27 below).

10. The Advisory Committee notes the statement of the Board of Auditors that it considered it premature to comment on matters related to the ongoing development and implementation by the Department of Field Support of the global field support strategy, but that it intends to do so in the context of future audit reviews. In that connection, the Committee will provide its own comments and recommendations to the General Assembly in the context of its consideration of the report of the Secretary-General on progress in the implementation of the global field support strategy (A/65/643).

11. In his report on the implementation of the recommendations of the Board of Auditors, the Secretary-General stated that there were a number of root causes of most of the recurring audit recommendations, including: high-vacancy levels; obsolete systems; transition to new accounting standards; transition to new processes and procedures; inconsistent interpretation of procedures and guidelines; and inadequate training (see A/65/719, para. 11). **The Advisory Committee, while recognizing that the issues cited by the Secretary-General have an impact on the administrative and operational activities of peacekeeping operations, is nevertheless of the view that the causes outlined are within the purview of the Administration to address.**

12. **The Advisory Committee is deeply concerned that, over the course of several financial periods, the Board of Auditors continues to identify systemic**

shortcomings, as well as recurring and interrelated problems. On numerous occasions, the Committee has expressed its serious concern with regard to the low rate of implementation of the recommendations of the Board, which reflects insufficient action at the managerial level to address their underlying causes (A/64/708, paras. 8 and 9). The Committee regrets that the Board has had to repeat recommendations in several areas, including expendable and non-expendable property, unliquidated obligations, procurement and contract management and human resources management. The Committee points out that by virtue of the level of resources invested in peacekeeping, the chronic deficiencies in the management and administration of the peacekeeping operations, as reported by the Board, expose the Organization to an unnecessary level of financial risk. The Committee therefore reiterates its call for the full and rapid implementation of the recommendations of the Board. The Committee further emphasizes that managerial action in regard to this matter and the overall efforts of the Organization to achieve accountability are closely linked.

Expendable and non-expendable property

13. **As noted in paragraph 12 above, the Advisory Committee is concerned that the two matters highlighted by the Board of Auditors relate to expendable and non-expendable property, which count among the recurring problems that the Board has raised over previous financial periods.** The Board observed that, while some improvement had been made compared to earlier financial periods, its long-standing concerns had not been adequately addressed. Deficiencies that had not been addressed include: delays in asset reconciliations; assets that could not be located; the non-disclosure of expendable property of approximately $402 million; inadequate segregation of duties; and inadequate receiving and inspection procedures (A/65/5 (Vol. II), paras. 124-143). In that regard, the Administration responded that disclosure of expendable property required considerable administrative resources in order to attain, maintain and validate the underlying data and that the effort to do so would take a number of years. The Administration also stated, however, that it remained committed to overcoming data limitations by June 2014, as it prepared for the introduction of the new enterprise resource planning system and the International Public Sector Accounting Standards (IPSAS) (see A/65/719, paras. 50 and 51). In regard to non-expendable property, the Administration disagreed with the recommendation that full and complete physical verifications of non-expendable property be carried out, stating that, in view of the operational and security conditions on the ground, a risk tolerance rate of 10 per cent had been established (see ibid., paras. 38 and 39).

14. **Notwithstanding the views expressed by management, the Advisory Committee concurs with the view of the Board of Auditors that asset holdings must be properly managed and fully accounted for. As also noted in paragraph 11 above, the Committee is concerned that the Administration has explained that the non-implementation of long-outstanding recommendations, including those dealing with property management, is mainly due to root causes such as high-vacancy rates; obsolete systems; and the inconsistent interpretation of guidelines/procedures. The Committee regrets that, over the years, the installation of dedicated inventory management information technology systems (including the Galileo system) appears to have had no discernible impact on improving overall**

asset management. While it is generally anticipated that the new enterprise resource planning system would remedy most of the asset management deficiencies, the Committee continues to emphasize that as long as systemic shortcomings are allowed to persist the introduction of a new information technology system will not, by itself, resolve related accountability issues (see also A/64/708, para. 11). Furthermore, in view of the full disclosure rule of expendable and non-expendable property under the International Public Sector Accounting Standards (IPSAS), to be introduced in 2014, the Committee expects that every effort will be made to ensure that that the requirements under the new standards will be fully met.

Unliquidated obligations

15. Unliquidated obligations represent a charge against expenditure and a liability for which the respective goods and services have yet to be received or delivered. The Board of Auditors observed that, as at 30 June 2010, unliquidated obligations amounted to $1.38 billion, or 18 per cent of total expenditure. The Board highlighted, in particular, that a total of $26.61 million in unliquidated obligations at the United Nations Support Office for the African Union (UNSOA), the United Nations Mission in the Sudan (UNMIS) and the African Union-United Nations Hybrid Operation in Darfur (UNAMID) did not adhere to the criteria for the creation of obligations. The Board further noted the creation of a large amount of obligations near the end of the fiscal year, which raised the concern that obligations may be created to reserve current year budgeted funds for application in the following year, which could potentially distort the expenditures reflected in the financial statements (see A/65/5 (Vol. II), paras. 27-33). **The Advisory Committee shares the concern expressed by the Board of Auditors. Furthermore, the Committee is concerned that the creation of obligations that do not comply with the criteria set out in the Financial Regulations and Rules points to inadequate budget control and management and may have the effect of inflating expenditures shown in the financial statements. The Committee intends to address this matter in the context of its consideration of the performance reports and budget proposals of specific peacekeeping operations, as appropriate.**

Procurement and contract management

16. **The Advisory Committee is concerned with the recurrence of procurement-related recommendations, owing to their non-implementation, and recalls its earlier comments on this subject (A/64/708, paras. 17-19 and A/65/498, paras. 28 and 29).** In its report, the Board of Auditors presented its observations on procurement and contract management, including deficiencies in the bidding process (including time frames for potential vendors to bid that were shorter than recommended in the Procurement Manual and the inconsistent acceptance of late bids) and problems with the Headquarters Committee on Contracts process (for example, no mechanism was in place to track the execution of the recommendations of the Headquarters Committee). The Board also raised concerns relating to two contracts for the construction of the mission subsistence allowance accommodation and the headquarters office accommodation at UNAMID. The Board recommended that, given the size of the contracts and the risks involved, the Department of Field Support should request a review by the Office of Internal Oversight Services. The

recommendation was accepted by the Administration and action has been initiated (see A/65/5 (Vol. II), chap. II, paras. 179-213). **The Committee concurs with the Board of Auditors on the need to remedy these deficiencies as soon as possible, emphasizing the high risk nature of the Organization's procurement and contract management activities. The Committee also expects that recommended review by the Office of Internal Oversight Services (OIOS) in respect of UNAMID accommodation contracts will be undertaken and a report submitted on its outcome.**

Human resources management

17. **The Advisory Committee is equally concerned with the recurrence of human resources-related recommendations in the reports of the Board of Auditor, which, consistently, have not been fully implemented (A/64/708, para. 30).** For the financial period 2009/10, the Board observed, inter alia, that high-vacancy rates remained of concern, noting that the overall vacancy rate in the 15 peacekeeping missions was 16 per cent, the same as in the previous year, and was 43 per cent in start-up missions (compared with 35 per cent as at 30 June 2009). The Board also drew attention to long-standing vacancies at some peacekeeping missions, for example at the United Nations Stabilization Mission in Haiti (MINUSTAH), MONUSCO, the United Nations Mission in Liberia (UNMIL) and UNAMID, as well as at UNLB, which may indicate that those posts are no longer needed and should be rejustified in future budget proposals (see A/65/5 (Vol. II), paras. 216-220). **The Advisory Committee concurs with the Board's observations and recommendations on human resources management and urges the Administration to ensure their implementation without delay. The Committee is particularly concerned that despite a range of initiatives in recent years, including the deployment of tiger teams, the delegation of recruitment authority to missions and the establishment of occupational group managers in the Department of Field Support, the problem of high-vacancy rates persists.**

Implementation of the International Public Sector Accounting Standards

18. The Board of Auditors noted that the implementation of IPSAS for peacekeeping operations would follow the Secretariat's timetable and that, owing to delays in the acquisition of a new enterprise resource planning system, the first IPSAS-compliant statements for peacekeeping operations could be expected for the period ending 30 June 2014 (A/65/5 (Vol. II), chap. II, para. 24). The Board also noted that the Administration had indicated that it would consider preparing IPSAS-compliant financial statements for the year ending 30 June 2013 if the implementation of an enterprise resource planning system at peacekeeping missions would be completed by the second quarter of 2013. While the Board did not examine IPSAS-related matters in depth, it stated that due consideration would need to be given to the distinctive needs of the peacekeeping operations in this regard and expressed concern about the accurate and fair presentation of the value of expendable and non-expandable assets. The Advisory Committee was informed by the Board of its willingness to informally provide guidance to the Administration on IPSAS-related matters in order to facilitate the implementation process and avoid possible problems at a later stage. **The Committee continues to encourage the Board to provide such advice and guidance with respect to IPSAS (see also A/65/498, para. 20).**

19. The Advisory Committee notes that the production by the Administration of annual, instead of biennial, financial statements under IPSAS will have an impact on the resource requirements of the Board of Auditors, which will then be required to conduct annual financial audits. As emphasized previously, the role and the resources of the Board in this connection require consideration in advance of the planned implementation of IPSAS in 2014 (see A/65/498, para. 13). In this regard, the Committee was informed of the intention of the Board to link the necessary request for increased resource requirements to the additional work in connection with the annual review of financial statements. The Committee will examine the Board's request in the context of its review of the proposed programme budget for the biennium 2012-2013.

Support account for peacekeeping operations

20. The Board of Auditors conducted a review of the support account for peacekeeping operations and noted that resources for the support account have increased by 438 per cent, from $60 million in the financial period 2000/01 to $323 million, including $29 million to finance the enterprise resource planning project, in 2009/10 (A/65/5 (Vol. II), paras. 52-79). The Board observed that the specific criteria for determining posts to be funded by the support account was not clear. The Board also found that the relationship of support account posts to the activities of the peacekeeping operations could not always be identified since staff workplans and e-PAS documents were set out in general terms. Of 152 sampled posts funded by the support account, the workplans of 34 posts did not relate to peacekeeping and no workplans were available for 51 posts, while the e-PAS documents of 35 staff members did not indicate any relationship to peacekeeping and no e-PAS documents were provided for 67 staff members (A/65/5 (Vol. II), chap. II, paras. 70-77). The Board indicated that it was therefore not able to reach a conclusion as to whether posts funded by the support account were used for the intended purpose of backstopping peacekeeping operations.

21. **The Advisory Committee is of the view that clear and specific criteria must be used to determine posts to be funded from the support account for peacekeeping operations. The Committee is therefore concerned by the Board's findings that a significant number of workplans and e-PAS documents of staff funded under the support account did not indicate a connection to work done in support of peacekeeping operations. While recognizing that workload statistics for particular offices could also provide reliable indicators as to the requirement for and use of support account resources, the Committee considers that the Administration must be able to demonstrate that support account resources are utilized for the intended purpose.**

22. The Board of Auditors notes that, to date, three consultancy studies have been carried out to examine the evolution of the support account and how it might develop in future. The Advisory Committee was informed by the Administration that the findings of the first study (at a cost of $50,000), which examined backstopping requirements for peacekeeping operations, were deemed too theoretical and the results were therefore not used. The second study (at a cost of $160,798) was to report on the evolution of the support account and to develop a proposal for a staffing requirements model and a related methodology. However, while the Administration indicated that the study provided a comprehensive analysis of the evolution of the support account, it did not present a defined formula for the

determination of staffing requirements for the account. The objective of the third, most recent, study at a cost of $145,000 was to develop a staffing model to relate support account staffing needs to the size and nature of peacekeeping operations. The Committee was informed that the results of the latest study, which was being finalized, would be included in the proposed budget for the support account for peacekeeping operations for the period from 1 July 2011 to 30 June 2012. The Committee notes that, as indicated in the report of the Board, the Administration anticipates that the third study would produce results that would be useful for Member States in making fully informed decisions on support account-related resources.

23. **The Advisory Committee is concerned that, despite a cumulative cost of approximately $210,000, the first two studies by external consultants were deemed by the Administration as not meeting its needs. While the Committee expects that the latest study should provide insight into the subject matter, it believes that ultimate responsibility for developing concrete and practical proposals on a staffing model for the support account rests with the Secretariat, using in-house institutional knowledge and available resources. The Committee will provide its views on the proposals emanating from the study in the context of its consideration of its report on the support account for peacekeeping operations for the period from 1 July 2011 to 30 June 2012.**

Results-based budgeting and management

24. As in past financial periods, the Board of Auditors continued to emphasize that, for the results-based budgeting framework to succeed, it must include well-defined indicators of achievements and outputs. In its report, the Board observed that financial resources at the United Nations Disengagement Observer Force (UNDOF), the United Nations Peacekeeping Force in Cyprus (UNFICYP) and the United Nations Operation in Côte d'Ivoire (UNOCI) are not linked to results-based budgeting frameworks (A/65/5 (Vol. II), chap. II, paras. 80-88). The Board also observed, in the case of several missions, that indicators and outputs were not sufficiently specific or measurable. The Board identified inadequate training as one of the main reasons for the continuing shortcomings noting, for example, that no formal training in results-based budgeting had been provided to staff at UNSOA while at UNMIS there had been no training courses on the subject during the period 2007/08. The Board noted that the Administration accepted the need for improvements and for ongoing training on results-based budgeting for field staff and that it is currently looking at the most efficient ways of delivery, including through a "train-the-trainers" approach as well as the development of online training packages.

25. **The Advisory Committee continues to reiterate that the findings on results-based budgeting by the Board of Auditors and other oversight bodies, as well as the Committee's own comments, have had little or no impact on how the results-based budgeting framework is presented and implemented. It also continues to express concern that the Secretary-General has not been able to implement a comprehensive results-based budgeting framework, especially in view of the planned move towards results-based management (A/65/498, para. 27 and A/64/708, para. 16). Given the limited progress that has been made since the inception of the results-based budgeting framework in 2001, and that shortcomings are repeatedly noted, the Committee recommends that the**

framework's feasibility, in particular for peacekeeping operations, needs to be thoroughly assessed. In that connection, the Committee recalls the request of the General Assembly, in paragraph 23 of its resolution 64/259, that the Secretary-General take appropriate measures to accelerate the implementation of the results-based management and looks forward to the proposals resulting from the Results-based Management Task Force, to be presented to the Assembly at its sixty-sixth session.

Quick-impact projects

26. The Board of Auditors reiterated, once again, their concerns about the low rate of completion and disbursement of funds for quick-impact projects at UNAMID, MINUSTAH, UNMIL, MINURCAT and MONUSCO; the Administration informed the Board that measures have been taken to address the situation (see A/65/5 (Vol. II), chap. II, paras. 100-103). During the hearings, the Advisory Committee was informed that, in response to recurring problems in this area, a lessons learned study aimed at a revision of the quick-impact project guidelines in order to achieve better management would be presented for the consideration of Member States during the second quarter of 2011. **The Committee concurs with the Board of Auditors that the Administration should ensure that the implementation rate of quick-impact projects be improved. The Committee trusts that the results of the study on lessons learned will be used to significantly improve the timely completion and disbursement rates of quick-impact projects to ensure their maximum utilization as a tool to improving relations between missions and the local communities.**

Air operations

27. For the financial period 2009/10, the Board of Auditors observed, inter alia, that aircraft at certain peacekeeping missions was being underutilized to a significant degree, in particular at UNAMID, the United Nations Integrated Mission in Timor-Leste (UNMIT), the United Nations Mission for the Referendum in Western Sahara (MINURSO) and UNOCI. The Board also observed problems with air operations data management; procedures for special flights; and the recovery of flight costs related to aviation services provided to United Nations agencies and other entities (A/65/5 (Vol. II), chap. II, paras. 236-254). **The Advisory Committee intends to address the observations and recommendations of the Board in the context of its consideration of the report of the Secretary-General on United Nations air operations (A/65/738).**

Internal audit function

28. The Board of Auditors conducted a review of the internal audit function of OIOS and noted an increase in the rate of completed internal audits; during the reporting period, 72 per cent of planned audits were completed in comparison with 62 per cent during the previous period. The Board recommended, however, that resident audit workplans should be executed and finalized in a timely manner and that audit reports should be also issued faster (A/65/5 (Vol. II), chap. II, paras. 294-337). **The Advisory Committee has addressed this matter previously and, as relevant, will follow up on the issue raised by the Board in the context of its review of the support account resource requirements for OIOS for the period 2011/12.**

Investigative capacity

29. The Board of Auditors also reviewed, in response to General Assembly resolution 63/287, a recently initiated pilot project that designated investigations centres, or hubs, in Nairobi, Vienna and New York from 1 July 2009 to 30 June 2012. As noted in its report, the Board concluded that the hub structure has merit in terms of cost-effectiveness but that some risks would need to be addressed. For example, hub-based investigators generally travel to a location only for the purposes of a specific assignment and would therefore not be able to count on designated administrative and translation support that is otherwise available to resident investigators. In addition, investigators may have a less developed understanding of the informal dynamics of a mission, which could impact information-gathering activities.

30. The Board of Auditors also observed that OIOS did not regularly collect information on the cost and time of its investigations and, as such, did not have sufficient or reliable management information to objectively demonstrate that the deployment of resources in this connection is cost-effective or would allow it to make evidence-based decisions about the redeployment of resources. The Board noted that the lack of such information limited its ability to assess the impact and the cost-effectiveness of the pilot project. The Board recommended that OIOS urgently establish the baseline and criteria for evaluation of the pilot project and a mechanism to gather the necessary data. The Advisory Committee was informed by the Under-Secretary-General of Internal Oversight Services that the required information was now being collected and would be used to evaluate the ongoing pilot project. **The Committee welcomes this development.**

31. In addition, the Board of Auditors observed that vacancy rates had not improved since the inception of the pilot programme and that the average vacancy rate for investigator posts had increased from 45.3 per cent in 2008/09 to 53.3 per cent in 2009/10. The Board recommended that OIOS work with the Office of Human Resources Management to address the problem of the vacancies in those posts. With regard to the two long-standing vacancies at the D-2 level, the Advisory Committee was informed by OIOS that the interviewing process was under way and that the leadership potential of candidates was being assessed using the assistance of an outside expert firm. **The Committee concurs with the Board that the vacancy situation should be addressed expeditiously (A/65/5 (Vol. II), chap. II, para. 332) and intends to continue its follow-up of the matter in the context of its consideration of relevant reports.**

Other matters

32. During the hearings, the Board of Auditors expressed its willingness to conduct performance audits, which, in its view, would enhance the audit service provided to the General Assembly and the Administration. From an informal note shared with the Advisory Committee, the Board provided a definition of a performance audit, as well as its aims and benefits. Among other things, the Board stated that the objective of carrying out a performance audit for any given topic would be to form a judgement on whether value for money was being achieved. The Board also indicated that such audits were consistent with modern public sector auditing practice.

33. It is the understanding of the Advisory Committee that, with a view to clarifying the rationale of the Board of Auditors for a strengthened remit to conduct performance audits, the Board would also be engaging with the Member States, in addition to the ongoing consultations with the Administration and OIOS. The Board indicated that, should it be permitted to conduct performance audits, its role would need to be clarified through, inter alia, the amendment of regulation 7.5 of the Financial Regulations and Rules. **In view of the further consultations that the Board is currently undertaking, and subject to guidance from the General Assembly, the Advisory Committee will review the matter at the appropriate time, should a formal proposal arise from those consultations.**